

Message Text

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FOR P & C

E.O. 11652: NA

SUBJ: PROGRAMMING ON FOREIGN INVESTMENT IN THE US

1. SUMMARY INTRODUCTION: PURPOSE THIS MESSAGE IS TO CLARIFY USG POLICY REGARDING FOREIGN INVESTMENT IN US (REVERSE OR INWARD INVESTMENTS), AS FRAMEWORK FOR CONSIDERATION OF POSSIBLE USIA ACTIVITIES.

2. IN BRIEFEST TERMS, USG POLICY INCLUDES NO RPT NO FEDERAL GOVT PROGRAM TO PROMOTE REVERSE INVESTMENT IN US. IN ABSENCE SUCH PROGRAM, THERE IS NO AGENCY THEME OR CONCEPT AS BASIS FOR USIA PROGRAMING. THERE ARE, HOWEVER, LIMITED PROGRAMING POSSIBILITIES IN SUPPORT INVEST-IN-USA-PROGRAM, DEPT OF COMMERCE. END SUMMARY.

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3. RECENT POLICY STATEMENTS BY UNDER SEC OF STATE FOR ECONOMIC AFFAIRS AND UNDER SEC OF TRSY FOR MONETARY AFFAIRS HAVE, IT IS TRUE, REAFFIRMED TRADITIONAL USG POLICY TOWARDS REVERSE INVESTMENT. POSTS SHOULD NOTE, HOWEVER, THAT WHILE ON THE ONE HAND USG POLICY MAY BE VIEWED AS "POSITIVE" (I.E., TO MINIMIZE BARRIERS TO INVESTMENT), ON THE OTHER HAND THAT POLICY DOES NOT RPT NOT ENCOMPASS ANY ACTION PROGRAM AT FEDERAL LEVEL TO PROMOTE REVERSE INVESTMENT. RATHER, USG POLICY IS NEUTRAL: WHILE NO SPECIAL PROGRAMS TO ATTRACT SUCH INVESTMENT, NEITHER ARE THERE RESTRICTIONS (EXCEPT WHERE ABSOLUTELY NECESSARY ON NATIONAL SECURITY GROUNDS OR TO PROTECT AN ESSENTIAL NATIONAL INTEREST). AS UNDER SEC BENNETT STATED, "IT IS A BASIC US POLICY OBJECTIVE TO ACHIEVE AN ENVIRONMENT FOR INTERNATIONAL INVESTMENT IN WHICH CAPITAL FLOWS ARE RESPONSIVE TO MARKET FORCES AND GOVT POLICIES NEITHER ENCOURAGE NOR DISCOURAGE INVESTMENT FLOWS. WE OFFER FOREIGN INVESTORS IN THIS COUNTRY NO SPECIAL INCENTIVES TO ATTRACT THEM TO THE UNITED STATES AND WITH A FEW INTERNATIONALLY RECOGNIZED EXCEPTIONS, IMPOSE NO SPECIAL BARRIERS TO THEIR ENTRY. THIS POLICY IS CONSISTENT WITH OUR OVER-ALL DEDICATION TO THE FREEST POSSIBLE ECONOMIC RELATIONS AMONGST COUNTRIES AND IS ALSO CONSISTENT WITH OUR VARIOUS INTERNATIONAL OBLIGATIONS".

4. POSTS MAY HAVE SOME PROGRAMING OPPORTUNITIES, HOWEVER, IN CONNECTION WITH DEPT OF COMMERCE'S "INVEST-IN-THE-USA-PROGRAM". THAT PROGRAM'S PURPOSE, HOWEVER, SHOULD BE CONSIDERED PRIMARILY AS ASSISTANCE TO STATE AND LOCAL DEVELOPMENT AGENCIES IN THEIR EFFORTS TO ATTRACT PRIVATE FOREIGN INDUSTRIAL INVESTMENTS IN NEW PLANTS AND INSTALLATIONS TO THEIR AREAS TO PROVIDE EMPLOYMENT, ENHANCE INCOME AND GENERALLY BENEFIT THE LOCAL ECONOMIES.

5. UNDER GUIDELINES APPROVED BY THE COUNCIL ON INTERNATIONAL ECONOMIC POLICY (CIEP), DEPT OF COMMERCE MAY CONTINUE TO MAINTAIN REPRESENTATION ABROAD IN SUPPORT OF THE "INVEST-IN-USA-PROGRAM" IN THE FORM OF INDUSTRIAL DEVELOPMENT ATTACHES AND SHOULD CONTINUE TO INCLUDE THE SUPPORT OF USIA OFFICERS IN ITS PROGRAM PLANNING. HOWEVER, COMMERCE'S ROLE, IN CONJUNCTION WITH OTHER AGENCIES (INCLUDING USIA) SHOULD BE TO PROVIDE ORGANIZATIONAL AND PRESENTATIONAL SUPPORT TO EFFORTS BY STATE AND LOCAL GOVTS, LIMITED OFFICIAL USE

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FOREIGN GOVTS, AND PRIVATE ORGANIZATIONS. REPRESENTATION AT SUCH EVENTS SHOULD BE PRIMARILY TO PROVIDE INFO ON FEDERAL POLCIEIES AND LAWS AFFECTING FOREIGN INVESTMENT IN THE US AND THE BROADER ASPECTS OF THE CLIMATE FOR SUCH INVESTMENTS.

6. TO SUM UP FOREGOING, USIA POSTS SHOULD PLAY PASSIVE RATHER THAN ACTIVE ROLE. RATHER THAN BEATING BUSHES FOR REVERSE

INVESTMENT OPPORTUNITIES, POSTS ARE TO LIMIT THEMSELVES BY AND
LARGE TO RESPONDING TO REQUESTS FOR INFO. POST ROLE SHOULD BE
VIEWED AS FACILITATING, NOT PROMOTING REVERSE INVESTMENT.

7. IT IS RECOMMENDED THAT PAO MAINTAIN CLOSE AND CONTINUING
CONTACT WITH APPROPRIATE COUNTRY TEAM COLLEAGUES, PARTICULARLY
ECONOMIC/COMMERCIAL OFFICERS. OPPORTUNITIES MAY WELL ARISE
WHERE REVERSE INVESTMENT SPECIAL PROGRAMING (E.G., A SPEAKER,
OR CUSTOM-TAILORED VTR) COULD BE USED BY POST IN SUPPORT OF
CERTAIN SPECIFIC FOREIGN POLICY GOALS. THE AGENCY WELCOMES
ANY SUCH REQUESTS WHICH SHOULD INDICATE COUNTRY TEAM
COORDINATION AND PROVIDE RATIONALE FOR
SPECIAL REQUEST. INGERSOLL

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